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b7C

Release Location: *File _____ Section _____

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File Number: 194-HQ-5545 Section 10Serial(s) Reviewed: ALL

FOIPA Requester: _____

FOIPA Subject: _____

FOIPA Computer Number: 1027090

File Number: _____ Section _____

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9
TEXT9 DOES NOT EXIST
CANNOT FIND THE FORM

INBOX.37 (#8827)

TO: HQ1 @ SAMNET-EMH

FROM: NYTX @ SAMNET-EMH

SUBJECT: 141/160 PRIORITY

DATE: 22 MAY 86 11:53:01 EDT

CC:

TEXT: VZCZCNYO160

PP HQ

DE NY #0160 1412410

ZNY UUUUU

R 212258Z MAY 86

FM FBI NEW YORK (194C-526) (P) (C-12)

TO DIRECTOR FBI PRIORITY

ATTN: SSA

PUBLIC CORRUPTION UNIT

BT

UNCLAS SECTION 1 OF 2

RUNNYMEDE; HOBBS ACT-CPO; RICO; OO: NEW YORK

REFBIHQTELCAL FROM SSA

TO NYO, SSA

ON MAY 20, 1986, AND NYTEL TO FBIHQ, DATED MAY 19, 1986.

THE FOLLOWING ADDITIONAL INFORMATION IS BEING PROVIDED IN

SUPPORT OF NYO REQUEST FOR ADDITIONAL

MONIES EXPENDED FROM NYO FSA PRIOR TO APPROVAL OF INITIAL

b2
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Exec. AD-Adm.	
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Exec. AD-LES	
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Adm. Servs.	
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Director's Sec'y	

Public Corruption Unit

47 AUG 14 1986

19 1986

3-FILE/KLB

Pr dlt
ADDENDUM: CRIMINAL INVESTIGATIVE DIVISION (CID) RSC:dlt 5/30/86

[REDACTED]

This investigation involves information that Meade Esposito, former Chairman of the Kings County (Brooklyn) Democratic Party, and others have been engaged, are now, and will be engaged in activity involving the corrupt use of Esposito's influence over public officials, aspirants to public office and/or employment, party members, and others to extort money or other things of value in violation of the public trust.

[REDACTED]

[REDACTED] The New York Office anticipates obtaining indictments of Meade Esposito [REDACTED] by 9/30/86.

The New York Office anticipates the following expenses during the next six month period:

[REDACTED]

5/22/86

JB
286
JUDGE:

RE: RUNNYMEDE;
HOBBS ACT - CPO;
RICO
OO: NEW YORK

[Signature]
b3 Title 18 sec 2518
b6
b7B

This investigation was predicated upon information that Meade Esposito, former Chairman of the Kings County (Brooklyn) Democratic Party, and others have been engaged, are now, and will be engaged in activity involving the corrupt use of Esposito's influence over public officials, aspirants to public office and/or employment, party members, and others to extort money or other things of value in violation of the public trust.

194-5545-298

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JUN 11 1986

11 17 NOV 28 1986
194-5545-298

[Signature]
FILE

6/3/86

~~OUTSIDE SOURCE~~



JUDGE:

RE: 1 RUNNYMEDE;
HOBBS ACT - CPO;
RICO
OO: NEW YORK

b3 Title 18 sec 2518
b6
b7C

CRL

This investigation was predicated upon information that Meade Esposito, former Chairman of the Kings County (Brooklyn) Democratic Party, and others have been engaged, are now, and will be engaged in activity involving the corrupt use of Esposito's influence over public officials, aspirants to public office and/or employment, party members, and others to extort money or other things of value in violation of the public trust.



30 JUN 26 1986

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FILE

EO 8 JAN 20 1987

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FORMS TEXT HAS 1 DOCUMENT | 0 OCT 86 23 26

INBOX.4 (#7741)

TEXT: RR HQ

DE NY #0111 2932020

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R 101941Z OCT 86

FM FBI NEW YORK (194C-526) (P) (C-12)

TO DIRECTOR FBI ROUTINE

ATTN: PUBLIC CORRUPTION UNIT

BT

UNCLAS

0 RUNNYMEDE, HOBBS ACT-CPO; RICO; OO: NEW YORK,

REFBIHQTELCA FROM UNIT CHIEF [REDACTED]

TO SSA [REDACTED]

[REDACTED] NYC.

AS PER REQUEST OF UNIT CHIEF [REDACTED] THE FOLLOWING INFORMATION
IS BEING FURNISHED:

194-5545-321

7 NOV 10 1986

Exec. AD-Inv.	
Exec. AD-LES	
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Adm. Serv.	
Crim. Inv.	
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6 b3 Rule 6e of the FRCP
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04 JAN 20 1987

2

b3 Rule 6 e of the FRCP

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PAGE TWO DE NY 0111 UNCLAS

ANTICIPATED INDICTMENT OF MEADE ESPOSITO

WILL BE PUT OFF UNTIL APPROXIMATELY NOVEMBER 20, 1966.

BT

#0111

NNNN

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UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

300.4
AIRTEL

DATE: 12/1/86

TO: DIRECTOR, FBI (194-5545)
(ATTN: SSA [REDACTED] PUBLIC CORRUPTION UNIT)

FROM: *JH* ADIC, NEW YORK (194C-526) (P) (C-12)

SUBJECT: *OP* RUNNYMEDE;
HOBBS ACT-CPO; RICO;
OO:NY

b3 Title 18 sec 2518
b6
b7C

For information of the Bureau, captioned matter is currently in Federal Grand Jury stage of investigation and witnesses continue to testify. As matter of update of investigation, the following summary is being provided:

[REDACTED]

- ④ - Bureau
2 - New York (194C-526)

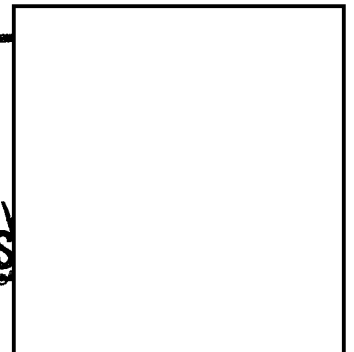
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*3 airtels - WCC
WAL /PSK
12-4-86*

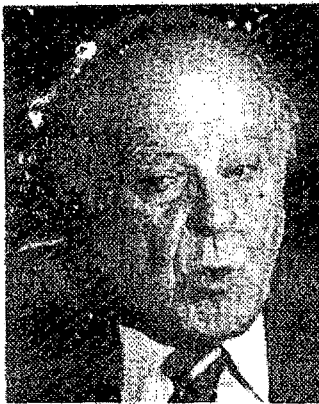
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Embattled Biaggi Stands Firm



Newsday/Dick Yarrowed
Meade Esposito

By Rita Ciolli
and Anthony M. DeStefano

As Justice Department officials consider indicting him on bribery charges, Rep. Mario Biaggi said yesterday that he did nothing wrong and that he would be cleared in a probe of his activity in connection with a financially strapped Brooklyn ship repair firm.

"I maintain that I have engaged in no wrongdoing and am confident that this will be borne out when the entire process is completed," Biaggi said in a statement released by his spokesman, Mortimer Matz.

"I have cooperated fully in all the aspects of this investigation and will continue to do so," Biaggi said in his statement. Biaggi, a Democrat, this week began his 10th term representing the 19th Congressional District in the Bronx.

A memorandum recommending the indictment of Biaggi, 69, and former Brooklyn Democratic party boss Meade Esposito on bribery and obstruction of justice charges has been submitted by the Brooklyn federal organized crime strike force to Eastern District U.S. Attorney Andrew Maloney and Justice Department officials in Washington, according to law enforcement sources.

One federal source, who asked not to be identified, said that approval of the indictment request was likely in the next two or three weeks. Neither strike force chief Edward McDonald nor Maloney would comment.

Strike force officials have been probing Biaggi and the 80-year-old Esposito since at least June, when federal agents seized records at two Esposito-owned firms: Serres, Visoni & Rice, a

—Continued on Page 21



Newsday/Alan Raim
Rep. Mario Biaggi

Assault Case Is Dropped

By Josh Friedman

A New Haven judge yesterday dismissed assault charges against former Bronx Democratic boss Stanley Friedman and his wife for allegedly hitting a Daily News photographer in November.

New Haven Superior Court Judge Paul M. Foti threw out the charges at the request of Assistant Connecticut State's Attorney Burton Kaplan after Kaplan held a long conference yesterday morning with Friedman, his wife, Jackie, photographer Rob in Graubard and their attorneys.

The Friedmans and Graubard were each charged with third-degree assault after an incident Nov. 25 at the Colony Inn, five blocks from the New Haven federal court house where Friedman had been found guilty a few hours before of engineering bribes to get city Parking Violations Bureau contracts.

The Friedmans were preparing to leave the inn, which had served as defense headquarters during the 10-week trial, when Graubard approached them to take a picture and an altercation took place. She accused them of throwing her to the ground. They accused her of hitting Jackie Friedman with a camera.

Kaplan confirmed in an interview that he told Foti in court that neither party wanted to pursue the case in criminal court and he saw "no reason" to go on with it. He said a civil suit might be filed.

Graubard's attorney, Stamford lawyer Peter Truebner, said yesterday that Graubard "tentatively" planned to sue Friedman in civil court sometime in the future. Friedman's attorney, Thomas Puccio said, "it's up to Stanley."

Truebner said Kaplan had been "distinctly unenthusiastic" about pursuing the case criminally and encouraged the parties to drop it. But he said there was "absolutely no" sign that any political pressure had been brought on either the prosecutor or the judge. Kaplan and Truebner said they had never talked with Friedman or Puccio before yesterday.

NEWSDAY, THURSDAY, JANUARY 8, 1987

NY 9



Newsday/George Argeropoulos

A Long Road to Repairs

Chunks of asphalt are all that's left of Dune Road in Southampton, L.I., a week after the storm that washed away two homes and much of the beach there. Suffolk County Acting Executive Michael LoGrande said yesterday he would declare a state of emergency, but state and federal officials held out little hope of aid.

New Inspection Stations for City Cabs

By Margaret Gordy

The Taxi and Limousine Commission has chosen 10 new service stations to inspect yellow cabs in response to widespread corruption allegations against the previously licensed operators. TLC Chairman Gorman Gilbert said yesterday.

Taxi owners, however, said they expected price-gouging and demands for bribes to continue until the TLC prohibits the stations from doing both the inspection and the repairs on a cab.

Until now, the commission had automatically renewed the licenses of 15

service stations, which for years have conducted the required three-month inspections of the city's 11,787 taxis. Many cabbies complain that because the stations are allowed to charge only \$5 per inspection, the operators jack up their profits by demanding unnecessary repairs to be done by their own staff at often-exorbitant prices.

"The important thing about the new system is that licenses will be reviewed yearly," said Gilbert. "No longer will people be adopted for life."

The commission has created a hotline taxi owners can use to report any

alleged improprieties they encounter at these stations, Gilbert said. Complaints can be made during weekday office hours at (212) 302-8692.

TLC officials said only 10 stations in the city were found to meet the commission's new, higher service standards, and none of them is in Manhattan.

"There is no way only 10 stations can handle all the cabs in this city," said Bobby Arroyo, a spokesman for the United Yellow Taxi Drivers Guild. "This is also going to increase the taxi shortage, because cabs will have to leave Manhattan, where business is

heaviest, to waste a day waiting in line for an inspection."

The Independent Taxi Owners' Council urged the TLC to bar the inspection stations from repairing the same cabs they review. Otherwise, said council Chairman Howard Fogel, "There's too big an incentive for them to require phony repairs."

TLC licensing chief Merrill Libbey said the commission could not reasonably set that limit on stations unless it drastically increased the inspection fees the stations can charge — an act that requires City Council approval.

ENCLOSURE 194-5545 329

Black Boycott to Hit Big Businesses

Quinones Blames Schools In Howard Beach Attack

—Continued from Page 5

make them soon," Quinones said.

Among the changes Quinones has proposed is a high school race relations curriculum that includes case studies on pre-Civil War slavery, the slaughter of Armenians around World War I, the World War II Holocaust and South Africa's apartheid policy. The curriculum has not been adopted yet.

Lester, 17, one of 11 white youths who police say beat the three black men with baseball bats and tree limbs, has been formally charged with reckless endangerment.

The teenager will be in a Kew Gardens courtroom today to face sentencing on a charge of third-degree gun possession in an unrelated incident. Lester pleaded guilty to the charge in exchange for five years' probation. He had been arrested by police in August with a map in a stolen car. Police said they found a holstered gun under Lester's car seat.

In reporting on a Newsday detailing how a detective may have improperly

obtained an incriminating statement from Lester, Thomas McCarthy a spokesman for Queens District Attorney John J. Santucci said, "We will oppose the suppression of any of the statements attributed to the defendant."

Det. Peter Fiorello took a statement from the youth, unaware that the teenager had demanded to see a lawyer. Sources said that although most detectives in the 106th Precinct station house knew they were precluded by law from taking a statement from Lester, Fiorello apparently wasn't told of Lester's request, sources said. Portions of the statement were later used against Lester in a Dec. 29th felony hearing.

Although McCarthy insisted there was "no foulup by police," he refused to either describe how Fiorello obtained Lester's statement or comment on a Newsday report of the events.

Frances A. McMorris also contributed to this story.

—Continued from Page 5

the commissioner's home will be made tomorrow, according to Assemb. Roger Green (D-Brooklyn), one of the boycott organizers.

Regarding the boycott, "I think we're going to aim at big ticket items, the downtown type stores," said Jitu Weusi, a Brooklyn activist who is also one of the organizers.

"We're not going to be unreasonable. We know that people need to get milk for their babies, so I don't think we'll be including neighborhood or 'mom and pop' stores," Weusi said.

He said final plans for the Jan. 21 "day of mourning," which is being called to protest the racially motivated killing of Griffith, 23, in Howard Beach, will be made tomorrow during a meeting at the offices of Local 1199 of the Hospital and Health Care Employees Union in Manhattan.

Other protest organizers, speaking on the condition that their names not be used, said the Jan. 21 action would supersede the pizzeria boycott announced by attorney C. Vernon Mason at a news conference last Saturday. There was a feeling that the pizzeria announcement was made without a consensus of those who have been involved in protests over Griffith's killing, the sources

said.

Asked about the possibility of a wider boycott at a later date, Weusi, a social science teacher at Junior High School 265 in the Fort Green section of Brooklyn, said, "I think it's a very good chance."

Assemb. Green said participants at tomorrow's meeting will try to target "businesses that have been a major contributor to racism in the city." As possibilities, he mentioned department stores, the media or other "industries... that have discriminatory hiring practices or project negative images" of blacks.

After the 1977 acquittal of Torsney in the killing of Evans, Brooklyn minister Daughtry led a controversial boycott of downtown stores. For about a year, pickets distributed leaflets outside a number of major department stores.

Toward the end of 1978, a coalition of the downtown merchants agreed to a package of programs that included 10 annual Randolph Evans Scholarships for youths. The agreement also included the funding of a Randolph Evans "crisis" fund, which received about \$400,000 over six years, said Weusi, who was the program's director.



Photo by Oliver S. Morris

Sidewalk Cafe Serves Squab

Today's special at La Petite Unidentified Woman's Grocery Cart on East 77th Street in Manhattan was a matter of some suspense to her regulars. She took her time sorting through her basket of goodies before announcing the menu. Those with early reservations tipped off their friends, who flocked in.

Embattled Biaggi Is Firm

—Continued from Page 9

Manhattan insurance company, and Beaumont Printing in Farmingdale, L.I. Records belonging to Biaggi and Coastal Dry Dock and Repair Corp. were also subpoenaed, law enforcement sources said.

Biaggi is under investigation for possible receipt of a payoff from Esposito in the form of a Florida vacation in return for the congressman helping Coastal, which is now in proceedings under Chapter 11 of the federal bankruptcy law in an effort to reorganize its operations. Biaggi allegedly was involved in helping the firm obtain federal contracts, sources said. Biaggi has asserted he paid for the vacation with his own American Express card and by check.

One investigator said that federal agents questioned Biaggi and Esposito about the vacation, placed a wiretap on Esposito's telephone and overheard both men in a conversation that suggested they hadn't been candid with investigators. Apparently on the basis of that conversation, federal officials disclosed in court in July that Biaggi was being investigated for obstruction of justice. But one source said there may not be enough evidence to sustain an obstruction charge.

Biaggi's attorney, Barry Slotnick, wouldn't comment on any matter pending before the Justice Department but reiterated that the Florida trip was paid for by Biaggi, although he couldn't provide dates of any payments.

Slotnick also told The Associated Press that Biaggi did "nothing other than everyday things congressmen do for their constituents." Biaggi's congressional district covers part of the Bronx and Westchester.

Pete Bowles contributed to this story.

Moonachie, N.J., Loves a Parade

—Continued from Page 3

little money... and in the long-run it's ultimately cost-free because of industry sponsors," Dressler said. He's already had calls from two or three potential sponsors for the Giants bash—should they win the Super Bowl.

But at City Hall yesterday, Koch heard a price he liked even better.

City Council Majority Leader Peter F. Vallone said he would hold a "Giant event" should the team win Sunday's game against the Redskins that would not cost the taxpayers a penny.

While Vallone refused to say what

the "event" might be, when Koch heard of Vallone's claim, he said: "Oh, I don't mind a proposal that doesn't cost any money. I love the Giants, even if they're in New Jersey."

"I have always said that I have great regional pride. I am not against the Giants. I hope they will win. So if Peter Vallone, in some magical way, has come up with a celebration that wouldn't cost the taxpayers of the city of New York a penny, I'm for it."

Koch also refuses to indulge in any bets with other mayors over the Giants and last week turned down San Francisco Mayor Dianne Feinstein,

who tried to get a little action on last week's game against the 49ers, which the Giants won. Koch referred her to Moonachie.

Dressler accepted the San Francisco challenge and won. So now, on Jan. 16, a group of children will sing "Moonachie," the town's song, in Chinese and in English on the steps of San Francisco City Hall.

What's more, Dressler has been invited to attend.

"I gotta check with my boss. I got to make a living," said Dressler, who is an equipment development engineer with RJR Nabisco. "I think it's doable."

BIAGGI TAPES BOMBSHELLPRIOR
LATEST
PAGE 7**NEW YORK POST**

Thursday January 8 1987

35 CENTS

METRO SPORTS
FINALTODAY: Sunny, upper
30s. TONIGHT: Clear,
mid 20s. TOMORROW:
Mostly sunny, 40.
Details: Page 2.

TV listings: P. 87

'HE'S A BIGAMIST!'

**Doctor's
wife says
he left
her for
another
bride**

Henry Edelson and his bride, Penny, cut up at their wedding five years ago. Today, Edelson, a doctor, is accused of illegally marrying a second woman without bothering to get divorced from wife No. 1.

ENCLOSURE

STORY, ANOTHER PHOTO, PAGE 8

194-5545-332

FEDS HAVE BIAGGI, ESPOSITO IN WIRETAP BOMBSHELL

By MURRAY WEISS

REP. Mario Biaggi's secretly recorded gripe to former Brooklyn Democratic boss Meade Esposito about a \$2500 Florida hotel bill is at the heart of a federal grand jury probe, The Post has learned.

"How come it's on my bill?" Biaggi demanded after his Janu-

ary 1986 American Express statement included the bill for his December vacation.

"You sent me down there," he, reminded Esposito.

Federal authorities say the trip was part of a deal in which the Bronx congressman agreed to help a near-bankrupt Brooklyn ship repair company in exchange for the paid vacation.

The company, Coastal Dry Dock & Repair Corp., owed Esposito's insurance firm more than \$600,000 in premiums.

One source said Esposito complained to Biaggi that "I'm being ruined" by Coastal.

Biaggi contends that any efforts for Coastal were only in keeping with his job.

The Post reported yesterday that federal prosecutors believe a grand jury has heard enough evidence to indict both Biaggi and his long-time political ally.

The Post has also learned that:

• Charges being considered against Biaggi include misuse of office and obstruction of justice.

• Brooklyn U.S. Attorney Andrew Maloney is probing connections between organized crime, the Brooklyn Democratic organi-

Phone call to Esposito



Meade Esposito: he was at the other end.

'How come it's [\$2500] on my bill? You sent me down there'

— Mario Biaggi, in taped conversation

zation and the sale of judgships.

Sources said the obstruction charges stem from a wire-tapped conversation in which Biaggi and Esposito allegedly agreed on a cover-up story about who paid the hotel bill.

One source said that after complaining to Esposito, Biaggi

remembered that he gave the hotel an imprint of his credit card when he checked in.

Biaggi paid the bill, but Esposito agreed to reimburse him through Beaumont Printing, one of his companies, sources said.

When FBI agents quizzed Biaggi as part of an ongoing probe into his connections

with Coastal Drydock, he told them he had been wrongly billed and that Esposito was supposed to pay the tab.

Sources said Biaggi — unaware that the veteran Brooklyn pol's line was tapped — then phoned Esposito and told him how he had explained the bill to the FBI.

As part of the probe, FBI agents seized records of Coastal Dry Dock, Beaumont Printing, and Serres, Visone & Rice, a Manhattan insurance company owned by Esposito.

Most of Biaggi's records dating back to Jan. 1, 1984, have also been seized.

Sources said Maloney's judgeship probe stems from wiretaps on both Esposito and his longtime friend Frederick (Fritzi) Giovannelli, a Genovese crime family capo charged in the January 1986 slaying of Detective Anthony Venditti.

Mario Biaggi's complaint over billing of a \$2500 Florida vacation bill figures in a federal grand jury probe of corruption and conspiracy to obstruct justice.

Pol's voice takes feds by surprise

MARIO Biaggi's troubles began when his voice unexpectedly turned up in phone taps during a heavyweight organized crime investigation.

Federal officials say the FBI was probing the Genovese crime family and the gambling empire allegedly headed by Frederick (Fritzi) Giovannelli.

Former Brooklyn Democratic boss Meade Esposito was a longtime Giovannelli friend — even serving as godfather to his son.

When Esposito surfaced on Giovannelli wiretaps — bragging about making judgeship deals — the

probe took a new turn.

Sources said it was transferred to the FBI's political corruption unit, which started tapping Esposito's home and business lines.

The probe into Esposito and the mob marked a potential breakthrough in information about the interaction of politics and organized crime.

Totally unexpectedly, Biaggi's voice surfaced on the wiretaps, talking about Coastal Dry Dock, a failing ship repair firm that owed Esposito \$600,000.

— Murray Weiss



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18" Design HB	\$100	\$26		Dia. Initial	\$180	\$45	
18" Wide Herringbone	\$240	\$59		Dia. Engagement	\$250	\$149	
18" Wide Link	\$200	\$109		Dia. Ruby	\$250	\$65	
18" Tricolor V	\$275	\$69		Nugget	\$400	\$108	
18" Thick Hollow Rope	\$378	\$97		Lot	\$600	\$165	
18" Hvy Solid Rope	\$300	\$75		Signet	\$150	\$69	
18" OC Solid Rope	\$330	\$89		EARRINGS		RETAIL SALE	
18" 20" 24" & 30" also available at major low prices				Dolphin	\$95	\$24	
BRACELETS		RETAIL SALE		Swamp	\$95	\$24	
7" Solid Rope	\$60	\$18		Bamboo	\$160	\$44	
7" Herringbone	\$40	\$10		Diamond	\$75	\$18	
7" Design HB	\$60	\$10		Rose initial	\$150	\$39	
7" Wide HB	\$110	\$28		CHARMS		RETAIL SALE	
7" Wide Link	\$125	\$38		Cross	\$80	\$19	
7" Hvy Solid Rope	\$180	\$45		Crucifix	\$80	\$20	
7" Hvy Link	\$140	\$35		Crucifix	\$240	\$58	
7" Hvy Solid Rope	\$240	\$59		Yankee	\$140	\$34	
7" Hvy Nugget	\$250	\$65		Cadillac	\$120	\$30	
7" Wide Link	\$240	\$59		Anchor	\$120	\$30	
7" Dia. Anklet	\$140	\$35		Nugget	\$150	\$42	
				Initial	\$60	\$15	

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Sat. 10-6 P.M.
N.Y. Rd. Exit 108 (Rt. 108)
201-778-1488

The 'silent' Dexter

Manley-Benson battle is on again — Sports



DAILY NEWS

35c

NEW YORK'S PICTURE NEWSPAPER

Thursday, January 8, 1987

SECRET TAPES 'TRIP UP BIAGGI'

Esposito, others heard
on federal wiretaps

Page 7

Whodunnit trove



Hellman hears find
new stories by
Donald Hammett

British lion or Prince Wimp?



Britain's Prince Edward seemed model of a Royal Marine last July. Now, a black eye and bloody nose have him ready to quit as marine trainee.

STAMP ON PAGE 2

JAN 08 '87 09:58 FBI NEW YORK

Tapes said to trip Biaggi and Meade

By JERRY CAPECI

Daily News Staff Writer

Secret FBI tapes are the basis for planned indictments against Bronx Rep. Mario Biaggi and retired Brooklyn Democratic boss Meade Esposito in connection with an illicit scheme to save a failing ship repair firm, sources told the Daily News yesterday.

The taped conversations between the long-time political allies and others show that Esposito paid for a Florida vacation for Biaggi in return for the congressman's influence on behalf of Coastal Dry Dock and its president, Charles Montanti, the sources said.

The tapes indicate that Esposito, 60, disguised the payoff as a legal fee paid by La Beaumont Printing Co. to well-known Manhattan defense lawyer James LaRossa, according to sources having knowledge of the transcripts.

Sources said Esposito funneled about \$3,000 to Biaggi for the Dec. 22-Jan. 3 vacation last year through LaRossa's law firm.

LaRossa, not a target of the investigation, said he cooperated fully with the investigation.

Brooklyn Organized Crime like Force Chief Edward Donald sent a proposed indictment against Esposito

and Biaggi to Washington this week for review by Justice Department officials, according to sources.

Neither McDonald nor Brooklyn U.S. Attorney Edward Maloney would comment on the latest developments in the investigation, which grew out of telephone taps and bugs placed by the FBI at a Manhattan insurance brokerage firm that Esposito controls.

Sources said the proposed charges include bribery and obstruction of justice.

The sources said that on Dec. 17, 1985, Biaggi told Esposito: "By the way, we've been doing wonders for Montanti. On the city side, we've been working very hard with them. . . . On the federal side, we've been getting them money."

Received \$1.2M

Two days later, on Dec. 19, Esposito told Joseph Martuscello, his partner in the Serres, Visone & Rice brokerage firm, that Montanti had acknowledged the receipt of \$1.2 million through Biaggi's influence, sources said.

The next day, Martuscello called Esposito and reported, "Chief, we got Charlie all squared away. Thank God." Later in the conversation, Esposito says, "We got to get him two more million."

Two weeks earlier, on

Dec. 2, after meeting Biaggi for lunch, Esposito told Martuscello, "We had a good meeting and we're going to town on it. . . . Everybody's going to get involved here." Sources said the remark was a reference to other congressmen approached by Biaggi on behalf of Coastal Dry Dock.

At the time, the Navy was contesting some \$26 million in invoices the financially troubled firm had submitted for payment, and Coastal was having trouble paying its debts.

Coastal, in the Brooklyn

Navy Yard, filed for bankruptcy last May, owing Esposito's insurance brokerage firm \$613,000.

During one telephone conversation with LaRossa, Esposito told the lawyer: "Remember the arrangement I made for Biaggi down at the Bonaventure (Spa) thing."

LaRossa: "Yeah."

Esposito: "And you billed me."

LaRossa: "Yes."

Esposito: "I want to repeat that. . . . Charge it to yourself then, and you charge Beaumont."

LaRossa: "No problem, Meade."

NO THROAT CANCER

Elton John recovering

SYDNEY—Pop music star Elton John does not have throat cancer and is expected to make a full recovery following successful throat surgery this week, his doctor said yesterday.

John's Australian publicist, Patti Mostyn, said the 40-year-old singer had been released from St. Vincent's Private Hospital, where he underwent a 30-minute operation Tuesday on his vocal cords.

"The biopsy has shown that Elton John has a nonmalignant lesion. He is expected to make a full recovery," the singer's doctor, Dr. John Tonkin, said in a statement.

Australian newspapers had reported that he was suffering from nodules on his vocal cords, but the hospital did not confirm the reports.

UNCLASSIFIED

1/7/87

JUDGE:

RE: RUNNYMEDE
HOBBS ACT - CPO;
RICO
OO: NEW YORK

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SYNOPSIS: On 1/6/86, [redacted] contacted the New York Office and advised he had information that [redacted] former Kings County Democratic Chairman Meade Esposito would be indicted on 1/12/87. The New York Office would not comment on [redacted] information.

DETAILS: On 12/12/86, the Strike Force, Eastern District of New York forwarded a prosecutive memorandum to the Department of Justice (DOJ) for approval of an indictment of [redacted] Esposito.

Pending DOJ approval, New York anticipated that [redacted] Esposito would be indicted during the week of 1/12/87. The anticipated indictment would contain ten counts including; Conspiracy, Bribery, Gratuities, Hobbs Act and Obstruction of Justice. [redacted] Esposito should be named in seven counts of the indictment.

CURRENT DEVELOPMENTS: On 1/6/87, [redacted] contacted the New York Office. He advised that he had information that the Strike Force investigation had reached a point in which the Strike Force was seeking DOJ authority to indict [redacted] Esposito on 1/12/87. The New York Office would not comment on this matter to [redacted]

I will keep you advised of further developments.

Enclosure

1 - Mr. Revell

1 - [redacted]
1 - [redacted]
1 - [redacted]
1 - [redacted]
1 - [redacted]

1 - [redacted]
1 - [redacted]
1 - [redacted]
1 - [redacted]
1 - Administrative Unit

UNCLASSIFIED

6108 MAY 19 1987

FEDS WANT TO INDICT BIAGGI AND ESPOSITO

By MURRAY WEISS
FEDERAL prosecutors have asked Washington for the green light to indict Bronx Rep. Mario Biaggi and former Brooklyn Democratic boss Meade Esposito. The Post has learned.

Sources said the U.S. attorney's office in Brooklyn has told top Justice Dept. officials that a grand jury has heard enough evidence over the past seven months to indict the popular congress-

man and his longtime political ally.

During consultations in recent weeks, prosecutors — advised by Justice Dept. colleagues in Washington — have put finishing touches on a thick "prosecutive memorandum" detailing the Biaggi-Esposito probe.

Such reports, which formally request permission to seek indictments, are routinely prepared at the point when prosecutors want

to ask a grand jury to indict their targets.

Sources said that the Organized Crime Strike Force in Brooklyn has presented the memorandum to U.S. Attorney Andrew Maloney, who is expected to forward it to Washington later this week.

Prosecutors are confident such approval will be given and that indictments could follow as early as this month.

Biaggi and Esposito have been the targets of an influence-peddling

investigation by the Strike Force into allegations that Biaggi unduly used his position to help a near-bankrupt Brooklyn ship repair company.

The firm, Coastal Dry Dock & Repair Corp., owed Esposito's insurance company more than \$600,000 in premiums, officials said.

Part of the probe centered on trips Biaggi made to Florida in 1985, during which he met Esposito and may have discussed the Coastal situation.

The grand jury was reportedly also trying to determine who paid for the trips.

Strike Force chief Edward McDonald and Maloney both declined comment yesterday.

It could not immediately be determined what charges would be sought by the prosecutors — but court records have indicated that Biaggi could face an obstruction of justice charge.

Barry Slotnick, Biaggi's lawyer, insisted last night "there is no basis



whatsoever for Congressman Biaggi to be indicted and absolutely no concept of criminality in this case."

Slotnick said the 10-term representative did "nothing other than everyday things congressmen do for their constituents."

Esposito's attorney, Ronald Russo, noted that "stories like this have been printed about my client for 15 years and he has never engaged in any criminality."

As part of the probe, FBI agents last June seized records at two Esposito-owned firms: Serres, Visone & Rice, a Manhattan insurance company, and Beaumont Printing in Farmingdale, L.I.

Two weeks later, federal agents armed with

subpenas grabbed the files of Coastal Dry Dock, which was based at the Brooklyn Navy Yard.

Last July, prosecutors subpoenaed most of Biaggi's records dating back to Jan. 1, 1984, but were later forced to scale down their request after reaching a compromise with his lawyers.

The probe has been bolstered by wiretaps on Esposito, sources said.

Esposito allegedly made a deal to enlist Biaggi's aid in getting contracts for the founding company.

Esposito, 80, a longtime political powerbroker, resigned his Brooklyn leadership post in 1984 in favor of Borough President Howard Golden.

Coastal Dry Dock ran into financial trouble several years ago and filed for Chapter 11 bankruptcy, citing millions of dollars in debts.

A deal for Bathron Works to take it over has recently stalled.

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TO DIRECTOR FBI (194-5545) IMMEDIATE

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FOR INFORMATION OF THE BUREAU, SPECIAL ATTORNEY

STRIKE FORCE, EDNY, ADVISED INSTANT DATE THAT AT 5:55 PM

ON JANUARY 16, 1987 MEADE

ESPOSITO), FILED A MOTION IN U.S. DISTRICT COURT, EDNY. THIS
MOTION, WHICH WAS SIGNED OFF ON BY USDJ CHARLES P. SIFTON, REQUESTED
TO HAVE A SPECIAL PROSECUTOR NAMED TO INVESTIGATE LEAKS TO THE NEWS
MEDIA; A SPECIAL PROSECUTOR NAMED TO INVESTIGATE THE ENTIRE CASE; AN
EVIDENTIARY HEARING TO IDENTIFY THE SOURCE OF THE LEAKS; AND TO BAR
ANY FURTHER ACTION BY THE GRAND JURY PENDING THE OUTCOME OF THIS

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DETERMINATION. THE MOTION ALSO REQUESTED THAT ALL EVIDENCE
PRESENTED TO THE GRAND JURY BE PRESENTED TO A NEW GRAND JURY AND
THAT ANY FURTHER UNLAWFUL DISCLOSURES BE PROHIBITED.

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THIS MATTER IS SCHEDULED

[REDACTED]
[REDACTED] STRIKE FORCE, EDNY, HOWEVER, WILL REQUEST

ADJOURMENT SO THAT APPROPRIATE RESPONSE CAN BE PREPARED.

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